

Message Text

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ORIGIN NEA-10

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FM SECSTATE WASHDC
TO AMEMBASSY DACCA IMMEDIATE

C O N F I D E N T I A L STATE 119389

E.O. 11652: GDS

TAGS: PFOR, EAID, BD, US

SUBJECT: ADMIRAL KHAN'S MEETING WITH SECRETARY BERGLAND

1. DEPUTY CHIEF MARTIAL LAW ADMINISTRATOR KHAN, ACCOMPANIED BY AMBASSADOR SIDDIQI, MINISTER KABIR, AND MR. KARIM MET WITH SECRETARY OF AGRICULTURE BERGLAND FOR 30 MINUTES ON MAY 23. GEORGE POPE (OFFICE OF SALES MANAGER) AND MICHAEL AUSTRIAN (PAB) SAT IN.

2. KHAN OPENED THE DISCUSSION BY REQUESTING AN ADDITIONAL 150,000 TONS OF FOODGRAIN WHICH, HE STATED, IS REQUIRED AS A RESULT OF RECENT BAD WEATHER AND NATURAL DISASTERS. HE CLAIMED THAT CURRENT BANGLADESH FOOD STOCKS ARE APPROXIMATELY 300,000 TONS AND SAID CURRENT CROP INDICATIONS ARE POOR. KHAN NOTED THAT BANGLADESH GOVERNMENT CONCERN OVER THIS ISSUE HAD LED TO THE COMMERCIAL PURCHASE OF 100,000 TONS OF FOODGRAIN.

3. KHAN STATED THAT THE BANGLADESH GOVERNMENT HAS DECIDED
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THAT 500,000 TONS IS THE MINIMUM STOCK LEVEL WHICH CAN BE MAINTAINED SAFELY AND SAID THAT, UNLESS BANGLADESH RECEIVES ADDITIONAL SUPPLY ON AN URGENT BASIS, THERE WILL BE ONLY 350,000 TONS IN RESERVE AT THE END OF THE YEAR.

4. KHAN WAS TOLD THAT THE WASHINGTON COMMUNITY WORKS CLOSELY WITH, AND IS GUIDED BY, OUR EMBASSY IN BANGLADESH

IN DETERMINING APPROPRIATE PL-480 SHIPMENTS. SUBSEQUENT TO KHAN'S CONVERSATION WITH UNDER SECRETARY HABIB ON MAY 20, WE ASKED OUR EMBASSY TO REASSESS THE POSSIBLE NEED FOR ADDITIONAL FOODGRAIN SHIPMENTS THIS FISCAL YEAR. THE EMBASSY HAD REPLIED THAT NO INCREASE (ABOVE THE 350,000 TONS CURRENTLY AGREED TO OR UNDER DISCUSSION) COULD BE RECOMMENDED AT THIS TIME. ADDITIONALLY, KHAN WAS TOLD THAT THE FORECASTS WE HAVE RECEIVED INDICATE THAT, WITHOUT ANY ADDITIONAL SHIPMENTS BEYOND THOSE CURRENTLY IN THE PIPELINE, BANGLADESH'S YEAR END STOCK LEVEL WOULD BE CLOSE TO THE 500,000 FIGURE HE HAD QUOTED.

5. KHAN DISPUTED THIS ASSESSMENT. HE AND AMBASSADOR SIDDIQI ARGUED THAT BANGLADESH NEEDS ASSURANCES OF ADDITIONAL SHIPMENTS -- EVEN IF THE SHIPPING DATES WERE DETERMINED LATER, AND THE COMMODITIES NOT SENT, IF IT IS FELT THAT THEY ARE NOT NEEDED. THEY POINTED TO THE LONG LEAD TIME NEEDED TO GET FOOD TO BANGLADESH AND THE MANY NATURAL DISASTERS WHICH REGULARLY AFFECT THEIR COUNTRY. THEY STRESSED THAT THEY WERE NOT ASKING FOR ANYTHING BEYOND THE 500,000 TONS THE U.S. GOVERNMENT HAD INDICATED THAT IT WAS PREPARED TO PROVIDE DURING LAST YEAR'S CONSORTIUM MEETING.

6. IN RESPONSE, KHAN AND SIDDIQI WERE TOLD THAT THE USG PUTS GREAT TRUST IN ITS EMBASSY IN DACCA, AND IN ITS AMBASSADOR, AND THAT WE MUST RELY UPON THE EMBASSY'S RECOMMENDATIONS ON WHAT LEVEL OF FOODGRAIN IS REQUIRED. THE U.S. GOVERNMENT CANNOT MAKE COMMITMENTS ON FUTURE FOOD

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SHIPMENTS AS A HEDGE AGAINST THE POSSIBILITY OF SOME POSSIBLE NATURAL DISASTER. SHOULD SUCH A DISASTER OCCUR, HOWEVER, WE WOULD BE PREPARED TO BE AS HELPFUL AS POSSIBLE AND WE WOULD MOVE QUICKLY.

7. KHAN THEN TURNED THE DISCUSSION TO THE QUESTION OF EDIBLE OIL, SAYING BANGLADESH REQUIRES 8 TO 10 THOUSAND TONS PER MONTH. HE ESTIMATED BANGLADESH'S MINIMUM IMPORT REQUIREMENT AT 40,000 TONS THIS YEAR.

8. HE WAS TOLD THAT THE US GOVERNMENT, IN ITS INTERNAL DELIBERATIONS, HAS RESERVED 10,000 TONS FOR BANGLADESH -- DESPITE THE TIGHT DOMESTIC SUPPLY SITUATION AND OVERALL BUDGETARY CONSTRAINTS. HOWEVER U.S. ACREAGE HAS INCREASED THIS YEAR AND WE HOPE THAT THE SUPPLY SITUATION WILL EASE WITH THE NEW CROP. UNTIL THEN, WE HAVE VERY LITTLE SOY-BEAN OIL TO SHIP.

9. KHAN ASKED WHETHER OTHER EDIBLE OIL WOULD BE AVAILABLE

IN LIEU OF SOYBEAN. HE WAS TOLD THAT THERE WAS SOME POSSIBILITY OF OBTAINING OTHER EDIBLE OIL FROM US GOVERNMENT STOCKS BUT THAT THE PRICE WOULD BE CONSIDERABLY HIGHER AND IT IS IMPOSSIBLE FOR US TO MAKE ANY COMMITMENT AT THIS TIME.

10. THE CONVERSATION CONCLUDED WITH A DISCUSSION OF SHIPPING PROBLEMS, AND PARTICULARLY DEMURRAGE COSTS. KHAN WAS INFORMED THAT THE DEPT OF AGRICULTURE IS ATTEMPTING TO WORK OUT LANGUAGE WHICH WOULD SHIFT ANY COST INCURRED AS A RESULT OF DELAYS IN THIS COUNTRY TO THE SHIPPERS, BUT THAT THE STRONGEST GUARANTEE AGAINST PAYING CHARGES FOR DELAYS AT THE BANGLADESH END WOULD BE FOR THE GOVERNMENT OF BANGLADESH TO SCHEDULE SHIP ARRIVALS SO AS NOT TO EXCEED PORT HANDLING CAPACITY.

11. FINALLY, KHAN WAS INFORMED THAT NO COTTON IS AVAILABLE
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UNDER THE PL-480 PROGRAM THIS YEAR BUT THAT WE WOULD CONSIDER A REQUEST NEXT YEAR WHEN IT IS HOPED THAT THE U.S. CROP WILL BE LARGER. HE WAS WARNED THAT A CONTINUATION OF THE WEST COAST DROUGHT COULD MEAN THAT COTTON WOULD CONTINUE TO BE IN SHORT SUPPLY. VANCE

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